

The State of Delaware

Disability Insurance Program (DIP) Procurement Update

October 22, 2018

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Background

- The State of Delaware (State) has engaged Willis Towers Watson (WTW) to assist with a request for proposal (RFP) to evaluate vendors for its Disability Insurance Program (DIP), which consists of fully insured long-term disability (LTD), self-insured short-term disability (STD) and Return to Work (RTW) programs
- The State has marketed the DIP in 2008 and 2013 and is required to bid its programs every 5 years
- The Hartford has been the State's DIP partner for over 10 years, since program inception in 2006
 - The Hartford acquired Aetna's group life and disability insurance book of business and technology in late 2017
 - The Hartford has decided to implement a process merging the previous approaches from each respective organization, however is primarily leveraging Aetna's technology
- Benefits provided by the DIP are dictated by legislation (Del Code Title 29, Chapter 52A)
 - Current plan designs are set in statute and cannot be modified
 - Requires DIP administrator to ensure its operations comply with these requirements
 - Incumbent vendor has modified numerous processes to administer the DIP in accordance with these requirements
 - Has resulted in the development of manual work-arounds and has prompted the need for greater involvement by the Statewide Benefits Office (SBO), the Pension Office and Benefit Representatives (Ben Reps)

Background (continued)

- SBO received feedback from Benefit and Payroll Reps about challenges with administering the DIP over the past few years
- As a result, the SBO is viewing this RFP process as a way to leverage the incumbent vendor and broader market to enhance current service offerings, and to hold the selected vendor more accountable for addressing these challenges
 - One of the primary focuses of the RFP is establishing robust minimum requirements to both simplify administration and address current challenges
 - Minimum requirements are made up of key processes in place with the Hartford today as well as future enhancements which would reduce the State's administrative burden

Key considerations for the Proposal Review Committee

For discussion with State Employee Benefits Committee (SEBC) members

Considerations

- The vendors meet the minimum requirements of the RFP, but can they adequately administer both programs?
- Which vendor is now best positioned to help the State address current and future issues and administrative challenges of the DIP?
- What is the financial impact of the RFP?
- What is the impact on claimants and employing organizations on receiving benefits and administering the program?
- Should the State renew with the incumbent vendor or transition to a new vendor?

DIP RFP timeline

